MADNESS
And Capitalist Civilization

International Perspectives on the MAGA 2.0 Tariffs

Contributors

Clearinghouse is produced by a communist research collective scattered around the smallest continent. We intend to provide a variety of resources — starting with periodic reflections, reference lists, and interviews — all towards a better shared understanding of class conflict, accumulation regimes and geopolitics in the region and beyond. Correspondence is welcomed: *clearinghouse [at] proton.me*.

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In this first dossier edited by the Heatwave media collective, we present a series of short articles by communists from various countries about the local impacts of the second Trump administration's international policies—focusing specifically on Trump's waffling trade war and tariff limbo. Beginning in May 2025, we published about one of these articles per week, with contributions from Clearinghouse (Australia), Réalité (France and Italy), Raffaele Sciortino (Italy), Jamie Merchant (U.S.), Chuang (China/international), Jasper Bernes (US), Conatus Editorial (Mexico), and Marco Túlio Vieira and Charles Jr. (Brazil).

The dossier ended up more expansive in scope than originally intended—a good thing, no doubt. Yet considerations of space have meant that not every piece could be included in this more restricted print form. So present here are selections that we feel represent a range of global perspectives.

Below is our overview of the dossier, with questions for consideration.

Even before "Liberation Day," our social media feeds were awash with the speculation and drama of the second Trump administration. The exigencies of daily life make it difficult if not impossible to stay up-to-date on all the horrors and indignities. The list of disappearances, detentions, and deportations grows larger every day. Foreign policy, intelligence, and security fiascos mask the sheer violence of U.S. imperial ambitions. Elon Musk's DOGE has liberal elites, Democratic Party officials, trade unions, and non-profit organizations scrambling for some kind of United Front.

Then, on April 2, 2025, Trump signed Executive Order 14257, an extensive set of global tariff policies that amounted to what he called a "declaration of economic independence" for the United States. The order imposed a minimum 10% tariff on all U.S. imports and implemented punitive, so-called "reciprocal" tariffs on some 60 nations deemed to be engaging in unfair trade practices. Impacting more than 100 countries, Trump's "Liberation Day" announcement was ostensibly intended to rectify the U.S.'s persistent trade deficit. With the stoke of a pen, he raised tariff rates to levels not seen in over a century. Global stock markets—already strained over the first few months of the administration—experienced sequences of panic selling. In the immediate aftermath of April 2, every major index plummeted, each

new day bringing another fall. Crude oil prices and other commodity futures dropped precipitously. In that brief week, we witnessed the largest global market crash since 2020.

At *Heatwave*, we have taken pains to consider this recent flurry of events against the background of late 20th and early 21st century social conflict[1].[1] Still, events proceed too rapidly to have the last word on the matter. The "national emergency" of American economic decline is decidedly a global matter. Today, economic nationalism and American revanchism are rattling the infrastructure of global capitalism, the imperial ordering of world production. The trade wars dominate every news cycle. Worst hit among the belligerents is China. Now several administrations old, the U.S.–China trade war escalated rapidly over the last couple months in an exchange of retaliatory tariffs. In the early weeks of maneuvering, the Trump administration raised the minimum tariff on Chinese imports to an astounding 145%.

Domestic fears of inflation have driven bouts of panic buying, as consumers worry over future price hikes and the prospect of recession. Across the planet, factories idle as manufacturers assess the impact on global supply chains. Auto manufacturers have ceased exports to the United States, while domestic factories have laid off thousands of workers. Despite this, UAW President Shawn Fain maintains support for the tariffs and holds out hope for the restoration of manufacturing employment. This perspective neglects the reality that achieving such a revival in the U.S. would mean devastating American living standards, unless markets can bear iPhones priced at $3,500 (if it were even technically possible to construct these monstrosities within a single country). Only then would labor costs be competitive with China and the newly industrializing economies of South and Southeast Asia within the orbit of Chinese capital—Vietnam, Cambodia, Thailand, Indonesia, and Malaysia. Aggressive tariffs imposed on these manufacturing assembly exporters threaten to disrupt supply chains for leading firms like Apple, Foxconn, and Nike.

All of this seems bad for global capital. While many leftists take to social media to laugh at falling lines and mock MAGA tech bros, some of those very same Trump supporters and media personalities have become vocal detractors. Esteemed publications like the *Financial Times* have picked the

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1. https://heatwavemag.info/blog/preprint-editorial-031125/

policy apart in a desperate effort to suss out *some* kind of low cunning. It would be a mistake to read conspiratorial motivations into an administration that designed the same sort of tariff policy that is easily generated by ChatGPT, Grok, Gemini, and other large language models. Certainly, at times Trump and many of his supporters seem confused on what tariffs even are, blinded as they are by the mirage of the *Pax Americana*. From this perspective, there doesn't appear to be a shrewd agenda from intelligent rightwing policy architects, but instead a vulgar populism by people who may have no idea what they're doing. At some levels of the administration, that is no doubt the case. But viewed from the more general perspective of U.S. imperial ambitions, the chaos need not be wholly calculated to be effective. Moreover, as several contributors here point out, the events as they have unfolded cleave quite closely to the course of action advocated by Stephen Miran, Chairman of the Council of Economic Advisers, in Hudson Bay Capital's late 2024 whitepaper "A User's Guide to Restructuring the Global Trading System." In short, what matters is more function than form. Quite simply, in international trade and imperial architecture, blunt instruments sometimes work best. From this perspective, it matters not who designed the instrument or whether it can be mobilized for cross-purposes, but who is using it, when, and how. Thus, the repeated rollout and recoil of tariffs functions like a whip, intended if anything to discipline trading partners into renegotiating trade deals to bypass multilateral agreements and the transnational organizations that enforce them (e.g., the WTO). If it just so happens to weaken the dollar in the process, all the better for U.S. export competitiveness. In fact, Miran may have designs on just such an outcome, while hedging his bets that the position of the U.S. in the imperial structure of production is enough to maintain the dollar as reserve currency. Time will tell.

"Manufacturing" functions as ideological cover for MAGA, to be sure, but one that doesn't really align with the actual policy prescriptions of the administration. Nor does "manufacturing revival" explain the clearly punitive nature of 100+ reciprocal tariffs across the board. Sustaining these arrangements would very obviously be bad for American manufacturing over the course of Trump's reign. So as Trump raised the tariffs on Chinese exports yet again, he simultaneously backed off most of the reciprocal ones. Stocks rallied, as the economists say. By mid-May, even China returned to the

negotiating table, as both nations agreed to roll back the tariffs imposed after "Liberation Day" to 10% for 90 days. Observers shake their heads at yet another round of madness. Consumers have little to celebrate. As of this writing, the average effective tariff rate in the U.S. is still nearly 18%. There may be glimmers of sanity in the apparent chaos. The administration's own language in press releases and executive orders reflects that the general interest was renegotiating trade relations all along. Did we really think a superficial ideological agenda would outweigh the stability of the economy? In *this* economy?

Lest we be caught in any illusions that Trump answers to his petit-bourgeois MAGA "base," for whom the tariffs may appear rational, even romantic, we must remember that Trumpism and far-right revanchism in general express the interests of particular factions of capital attempting to reassert control over a waning global order, dissolving and recrystallizing into new regional territorial production complexes. For any administration, the actual rollout of policies expresses these conflicting interests of actual capital and capitalists, imperial and "subimperial" alike.[2] If they appear especially incoherent today it is only because Trump and his kind represent just such a discordant harmony of cross-class and interclass alliances, presented as a popular hegemony.[3] The apparent paradox disappears if we reject the assumption that there is a singular "base" at all: today's hegemony is the expression of real disunity and fragmentation. Phil Neel calls this the "empire of chaos," following Samir Amin—a situation in which "hegemony is eroded in its very deployment, generating a complex confluence of chaotic competing interests as power is delegated to the peripheries." This decay is organic to capitalist hegemony itself. We might think of it as the madness of capitalist civilization, nakedly displayed as the system lurches from one crisis to another. It may thus behoove us to understand prescriptive remedies like tariffs not as some aberration brought on by the horrible orange man, essentially exogenous to the system of free trade and in direct contradiction with the interests of his constituency or even his own businesses, but endogenous to a system in which the social metabolism of the species exists only in partial fragments, as many competing capitals, currencies, and national accounts.

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2. https://spectrejournal.com/a-tale-of-two-ports/

3. https://endnotes.org.uk/posts/endnotes-onward-barbarians

As communists, how do we negotiate these spasmodic disturbances in the planetary factory? We asked our contributors to consider the following lines of inquiry:

1 | What has been the understanding of and response to Trump administration policies in the place where you live? How are governments responding? Workers' organizations? Political parties?

2 | Are we witnessing American economic nationalism? Why and/or why not?

3 | What key sectors and industries are affected in your area? How are workers in key sectors and industries affected?

4 | The tariff gamble appears to be a part of a larger, underdetermined set of strategies of the Trump administration. Will the hold? Why or why not? Are these strategies as coherent or incoherent? Are they self-defeating?

5 | To the extent that they persist, how might we expect the new tariff regime to reorder global production and trade relations? What sort of restructuring seems possible or likely under the current blight of global investment?

6 | How do local and regional conditions influence and shape the response to this geoeconomic shift? What openings, if any, does the current turbulence present for communist partisans? What local and regional factors must communists take into consideration?

7 | The unfolding chaotic markets and administrative gambles betray underlying problems of overproduction, weak profitability, and sluggish growth. How do we see the present situation in the short and longer

The Trump Tariffs
Some Notes from the Antipodes

By Clearinghouse

"You can't believe how much fun we're having."
—a Trump aide

The Australian state is currently caught in a cleft stick, like so many of its Asian neighbours.[1] Long a junior partner to the United States within the Asia-Pacific, it has provided a broad suite of military and intelligence support since the Second World War: from troops for US-led military conflicts (Korea, Vietnam, Iraq, Afghanistan) through to bases for US military and regional surveillance. Most recently, there has been the AUKUS agreement which—supported by all the major political parties—was sealed with an agreement to buy US-made nuclear submarines (that some commentators now fear may never arrive). Meanwhile, over the last fifteen years or so, China has overtaken Japan as Australia's major trading partner, a situation common to economies across the region. Along with raw materials such as iron ore, gold and petroleum gas, a range of services are sold to China, including tourism and post-secondary education.[2,3] Overall, however, the economy in Australia is notably "less complex than expected for its income level".[4] Despite some setbacks under the previous federal government, which led to a temporary exclusion of certain local industries from the Chinese market, this connection with the PRC is celebrated in Australian business and political circles alike as proof of a natural "fit" that epitomises the concept of comparative advantage. Thus it is no surprise to hear the head of the Australian Chamber of Commerce and Industry stating recently that "It would certainly not be in Australia's interest to be ... contemplating that we would impose trade measures in alignment with the United States".[5] How best to maintain this ménage à trois, given

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1. Saleha Mosin and Carter Johnson, "Markets are discovering the real Trump trade is 'Sell America.'"
2. Australian Government, Department of Foreign Affairs and Trade, "China Country Brief."
3. Australian Government, Department of Foreign Affairs and Trade, "ChAFTA fact sheet: Trade in services."
4. Growth Lab, "Australia."
5. Ronald Mizen, "The alarming next step in Trump's trade war that has CEOs rattled."

the apparent rising tensions between China and the US, is a puzzle whose solution has so far eluded the Australian political class. Whether there is movement on this front, now that the recent federal election has seen the Labor Party government returned, remains to be seen.

For us, the intertwined, yet conflicting, economic and political alliances with the US and China comprise the uneasy terrain within which Australia has responded to Trump's recent tariff announcements. On April 3rd, Prime Minister Albanese developed an initial 5-point plan:

> **1.** Provide A$50 million to peak bodies within sectors hit by tariffs, to aid in finding new markets.
>
> **2.** Establish an AUD$1 billion economic resilience program to provide interest-free loans to enterprises wishing to take advantage of new markets and export opportunities.
>
> **3.** Establish a critical minerals reserve - a stockpile of key minerals held back from export.
>
> **4.** Prioritise Australian businesses in government procurement contracts.
>
> **5.** Strengthen laws against commodity dumping.[6]

Albanese commented that "all these countries (United States, European Union, Canada, Japan, South Korea etc) are investing in their industrial base, their manufacturing capability and their economic sovereignty. This is not old fashioned protectionism or isolationism. It is the new competition." [7]

The Australian Manufacturing Workers Union (AMWU) has likewise responded to the tariffs, calling on the government to mandate the use of Australian metals in all domestic infrastructure and energy projects.[8] The Australian Workers' Union made a similar call. The AMWU has a partic-

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6. Samantha Dick, "Albanese outlines five-point plan to respond to Donald Trump's tariffs."
7. Anthony Albanese, "A future made in Australia: address to Queensland Media Club."
8. Australian Manufacturing Workers Union, "AMWU urges Federal government to shift industry policy after US steel, aluminium tariffs."

ular focus on aluminium and steel industries, as well as advanced manufacturing and component production through small and medium enterprises. The AMWU's response also included reference to the idea of "green metals," a discourse that is becoming more common in the global context of renewable energy transitions. The national peak union body, the Australian Council of Trade Unions (ACTU) has welcomed the government's plans. This is unsurprising given the deep ties between the union bureaucracy and the Labor Party. Unions once again wish to guide the government's response, in the same way that the AMWU and other unions responded to the Senate inquiry into the "Future Made In Australia" bill.

Direct impacts to Australia's trade with the US have been limited so far, with the US accounting for only 6% of Australia's goods exports in 2023-24. Australia's main exports to the US are services, which can't be tariffed as easily as goods arriving in a port. However, 26% of Australia's two-way trade is with China, and while decreased exports to the US may not deeply affect primary producers in Australia, greater impacts may be felt if the Chinese and Southeast Asian markets contract and demand for Australian goods and services declines. In the meantime, some Australian industries may benefit from the reconfiguring of global trade.

Currently Australia's most valuable goods export to the US is beef. Since the tariffs were announced, Australian beef exports to China have increased dramatically, filling the void left by the complete halting of US beef sales to China. Australian beef exports to China increased in February-March 2025, up 40% compared to the same period last year.

Australia's second largest goods export to the US is gold. While not directly related to the tariffs, gold prices have drastically increased over the last year as the gold fetishists in the world's Central Banks rush to buy up gold bullion. So far, this has not led to increased investment in gold exploration in Australia. Instead, capital is flowing more rapidly into existing ventures, allowing mining enterprises to exploit known, lower-yield deposits that were previously too labour-intensive to mine profitably.

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Viewed from the perspective of the local dominant class here, the tariff

regime may be less the central issue—especially as it remains unclear what commodities will still be subject to customs duties in three months' time, and at what rate—than what (if at any) broader plans exist on the part of the US state for rejigging its complex relationship with China. If this is indeed the former's long-anticipated move to finally and decisively decouple the PRC's economy "from the upper segments of the world market to which Beijing continues to strive to secure access," it seems to have been very poorly executed, to say the least. Not only is the whole thing chaotic and capricious, but Trump's penchant for talking big with threats, only to back down, has not been lost on the CCP (or US Treasury bond markets, for that matter). Much will depend on whether the newly-imposed 10% tariff on Australian goods stays in place—if so, little may change for the local state's economic and strategic policies in the region. As for the choices made by other Asia-Pacific social formations, many of which face similar dilemmas, we will have to wait and see, although increased commerce within the region itself seems probable. Finally, those fractions of local capital which have invested heavily in the US, such as the powerful superannuation industry managing almost $US2.6 trillion in pension funds, must be reassessing their offshore exposure policies after disastrous losses on Wall Street following "Liberation Day".

As elsewhere, the Chinese government has made overtures to Australia, inviting Australia to "join hands" in solidarity with China in the face of the tariffs. During the recent election campaign, Defence Minister Richard Marles refused Ambassador Xiao Qian's offer point blank, arguing that Australia should instead pursue deeper ties with Indonesia, India, the UK and the UAE. However, other sources within the Federal government have hinted that trade with China could deepen, provided it happens on Australia's terms.

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Australia has unique protections in industries such as pharmaceuticals, medical devices, agriculture (particularly beef), and the much smaller steel and aluminium industries. Also under threat is the media bargaining code which forces large companies to pay for hosting news in Australia, as well as the recent social media ban for children under 16. Silicon Valley technocrats despise these practices, and despite their occasional opposition to

Trump, are fairly happy to see him on the attack. Critical minerals, especially in the context of Ukraine, are becoming more and more important in the looming tech/arms race. According to one site, "recently Japan, Korea and some European nations have either signed agreements or started talks with the Albanese Government to secure access to Australian minerals."

With the current absence of any collective subject within the region to serve as a reference point, talk of identifying "openings" strikes us as premature. As for identifying local and regional factors, this presumes a) a detailed mapping of the hierarchies of labour-power across the Asia-Pacific b) an understanding of the various regimes of accumulation and value chains operating there, and how these articulate with both the US and Chinese economies c) a materialist analysis of regional geopolitics informed by a) and b). To date we have yet to encounter even the beginnings of any such analysis in or about our wider region, which is both why we have started our own modest project, and are keen to engage with others pondering these same problems. It is also why, however inadequate our own provisional responses to Heatwave's questions might be, we have thought it worthwhile to make some sort of initial contribution to what can only be a much broader collective process.

With that said, discontent around the cost of living (particularly housing, but also utilities) has been simmering within Australia since at least the outbreak of COVID in the ashes of the summer bushfires of 2019-2020. The extensive and intensive lockdowns in key parts of the country revealed for a brief moment the population's dependence on so-called "essential service" workers, while exacerbating divisions between those who were able to receive a regular income while working from home, and everybody else. Many contradictions surrounding "the Australian way of life" were already in plain sight by this point of time, and have only continued to feed this growing unease: the place of First Nations people within the polity; the sharp uptick in reportings of domestic violence; the meaning of "Australia the multicultural society"; growing portents of climate catastrophe (from floods to bushfires); debates around "appropriate" levels of migration; the degree of unpaid overtime for those in paid work; the difficulties facing the unwaged; increases in international tensions, from the genocide in Gaza to the war in Ukraine. Back in late 2020, one Italian friend flagged the chal-

lenges at that point facing efforts at "creating a general movement that, in starting from a particular terrain, is able to make one specific problem vital for the broad spectrum of the exploited." Leaving aside for the moment the question of how future processes of class recomposition might actually be enacted, their ongoing absence has meant that discontent here has instead expressed itself in a number of (refracted? deflected?) forms, from a drop in support for both major parties, to a minor rise in trade union membership. Despite these simmering discontents, Australia has been notable for the absence of generalised struggles (organised or otherwise).

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Like other social formations in the region, Australia is largely subject to the fallout arising from the actions that bigger players enact as they jostle within the world market. While economic nationalism continues to be the dominant ideology of the local trade union movement, the liberalisation of trade and subsequent downscaling of manufacturing since the 1980s has turned this strategy into an uphill battle, beginning with the abolition of tariffs in the domestic textiles, clothing and footwear sectors in the 1980s, and culminating in the destruction of local auto production in the late 2010s. However, even before Trump's re-election, the federal government has lately begun talking of reviving certain local manufacturing sectors under the slogan "Building a Future Made in Australia," in an effort to reverse decades of deindustrialisation following similar moves from Japan, South Korea, Canada and the US. Geopolitically, this is conceived in terms of leveraging Australia's role as a longstanding "middle" power within the US global security system. In the last few weeks, there has been talk of using the country's considerable rare earths deposits as a bargaining chip—in the first instance, as a means to reduce "reciprocal" tariffs. For now, at least, the security alliance with the US remains part of mainstream political "common sense", although opinion polls suggest a marked "public" shift against it. That said, even the opposition conservatives concede that "President Trump is somebody who is hard to predict, and we need to be able to defend ourselves."

As the dust settles following the Federal election on May 3rd that saw the Labor Party clench a second term, Australia appears to be in a holding pattern, albeit an uneasy one. Rather than a slide rightward, the centre seems

to be holding for now. In the terrain of economy alone, Australia's position within global supply chains as an exporter of raw materials (most significantly of iron ore, coal and gas) has thus far provided a strong buffer against the economic turbulence of the 1990s and 2000s, with the national economy recording its first recession since 1991 in 2020, before restoring growth in the years since. Nevertheless, given that foreign direct investment into Australia was $4.7 trillion in 2023, some 181% of the year's GDP, it seems fairly reasonable that Australian growth may suffer with the retraction of global investment spurred on by the tariffs. More work needs to be done on the nature of investment here, and the relative importance of value-productive industry versus large private equity firms and financial instruments/services. The tariffs remind us that, while at once a major source of its wealth, Australia's dependence on exports casts the fate of the national economy on the shifting sands of the world market, a totality which increasingly appears "to lurch from crisis to war."

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TRUMP II: Trade War Gone Global

By Chuang

Trump's trade war is back—bigger, louder, and somehow even dumber. Some say it's different this time. But like most sequels, the plot is familiar. The characters are worn out. The filmmakers seem determined to shoot the same scenes over and over again. How does it end? Probably a hell of a lot like the original. While in Trump I, he fired shots at big trading partners like China and Europe, in Trump II, he's opened fire on the global order itself, and this time, the system shoots back.

Trade war déjà vu all over again

Flashback to Trump I. In 2018, the administration launched a barrage of tariffs on China, claiming it would curb years of Chinese "abuse" of American workers. Beijing hit back more narrowly and cautiously, and the whole thing dragged out into grinding negotiations. In January 2020, the "Phase One" deal was signed, with China pledging to ramp up purchases of U.S. goods, in an attempt to appease one of the central tenants of Trumpian trade theory: buy American. A "Phase Two" deal was teased but never materialized. What happened in the aftermath? The U.S. trade deficit with China dipped briefly... then climbed right back up by the time Biden took office in 2021, just as the pandemic scrambled global trade flows across the board. Biden, for his part, quietly kept most of Trump's China tariffs in place, signaling continuity rather than reversal. In sum, Trump I ended with a whimper: two underwhelming deals, a handful of factories dubiously "reshored" (mostly in press releases), farmers were given bailouts, and the trade deficit barely budged. In the end, the battle lines returned almost exactly to where they'd started.

As the opening scenes of Trump II pan over the smoldering American wasteland, we can expect more of the same: loud threats, vague hopes of new deals, modest tweaks in purchasing patterns, and at best a marginal dent in what remains a yawning U.S.–China trade deficit. But this time, Trump is bucking harder, against not just China, but the global economic system itself. He's testing its limits, lashing out in every direction, and ruffling the feathers of certain functionaries of global capital. Still, unless he actually

breaks something, like triggering financial contagion, or pushing the "big red button," the system will, once again, absorb the shock and buck back.

Trump already got a small taste of that after he fired the opening shots on "liberation day": markets took a downward turn and deficits widened, until he of course blinked, softening tariff threats and promising to settle the turbulent macroeconomic waves with a series of trade deals. But the global relations of production cannot be remade overnight, either by raising trade barriers or any number of "buy American" deals. You can't just slap a tariff on a washing machine and expect world-spanning supply chains, built over the course of decades, to simply reverse their currents on command.

The soybean saga

In Trump I, much of the action centered on the saga of the soybean. After the initial tariffs were levied, China slapped retaliatory tariffs on U.S. soybeans and dramatically cut purchases… at first. Imports from Brazil surged, with Brazil supplying as much as 82% of China's soybeans in 2018, while U.S. market share collapsed. But that wasn't the end of the story. American soybeans didn't just vanish. They were rerouted to other markets like Mexico, Egypt, and Southeast Asia, often at lower prices. China, meanwhile, still needed soybeans to feed its massive pork industry, and eventually resumed some purchases from the U.S., tariffs and all, especially during off-season periods when Brazilian supply was low.

The basic structure of global trade didn't collapse. Rerouted materials flowed in the same general direction, sold by the same consortiums of established firms and bought by the same customers, only with more middlemen. The real result was a global game of musical chairs, not a revolutionary decoupling. The "soybean triangle" between the U.S., Brazil, and China proved remarkably resilient—proof that deep supply chains and agricultural dependencies aren't undone by a few press conference threats and tariff hikes.[1] Life went on. Chinese workers paid more for pork. Americans paid more for electronics. The world economy adjusted, because that's what it does.

The production networks that power "Chimerica" took at least thirty years to build. Factories have been fine-tuned to serve foreign markets. Buyers

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1. https://farmdocdaily.illinois.edu/2024/02/the-united-states-brazil-and-china-soybean-triangle-a-20-year-analysis.html

and suppliers have developed trust, contracts, and logistical pipelines that can't be easily liquidated by executive order.

In the present sequel, then, we can assume that Trump will most likely settle—just as he did last time—for a modest uptick in purchases and prices by China and allies, hammered out through a series of Mar-a-Lago accords. The script will likely follow the tariff regime laid out by advisor Stephen Miran, neatly sorting allies and adversaries into different "buckets" defined by their level of market access (and perhaps even security arrangements)—with China dumped into the most punitive one, of course.

Ultimately though, the real drama of the trade wars does not play out among cargo containers, but in the underlying forces that make them move, including the dollar-based financial currents that pull goods across the globe, the grinding conditions of labor that keep them flowing, and the thin profit margins that keep the whole system afloat. These are the deep mechanics of the system, and when pushed hard enough, they push back.

Can China wage-hike a trade war away?

Still early in the first act, the stutter of initiated, paused, reinitiated, and paused-again tariffs are adding instability to China's already shaky economy. Chinese exports are nonetheless still landing in the U.S., though at a higher price, or flooding into alternative markets in Europe or Southeast Asia. So far, the tariffs have again exerted no real impact on the basic structure of global trade.

The turbulence still matters, however, especially for workers. Even a modest downtick in China's export engine threatens the livelihoods of the millions who depend on its relentless churn. As the Wall Street Journal reports, exports make up about 13% of China's GDP, and exports to the U.S. alone account for nearly a quarter of that, representing close to 3% of China's entire economy.[2] Analysts now expect China's exports to the U.S. to take a major hit, and China's total exports to fall by as much as 10% this year. While that might not seem like much, this blow will also land in the labor market: tariffs could put up to 15.8 million Chinese jobs at risk across the manufacturing, logistics, raw materials, and financial sectors. This is in addition to a slow wave of bankruptcies in the manufacturing sector over the

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2. Wall Street Journal, "Beijing Doesn't Want America to See Its Trade-War Pain".

past several years—leading to an uptick in defensive strikes and labor arbitration cases—and historically high unemployment rates, especially among youth just entering the workforce.[3]

Another proposed solution for absorbing the output of China's vast export-oriented industrial base is to redirect it inward, to the domestic market. The mounting threats to China's export engine have reignited calls, both inside and outside the country, for a long-discussed macroeconomic reform: boosting domestic consumption. While this may sound absurd given the sheer scale of China's export capacity, it is precisely what many policy wonks have been calling for. For some Chinese analysts, boosting domestic consumption would mean that China's economy would become less reliant on foreign markets. Foreign capital also hopes for China to domestically "consume away" at least a portion of the products that it normally manufactures for export. Some even claim that such a shift would result in Chinese wage growth and further crack open Chinese markets to foreign investment as well as products (from European cheese and wines to American airplanes and TV shows), at the expense of Chinese producers, thus putting more money into the hands of western industry.[4]

But even the experts know this is a pipe dream that has never come true,

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3. Urban youth unemployment peaked in 2023 at roughly 20%. However, this measure did not systematically exclude all students, and it was discontinued in the summer of 2023, replaced in early 2024 by a new measure with more granular age brackets and a stricter exclusion of students. According to this new measure, the unemployment rate for non-students aged 16-24 initially declined and then began to spike again in 2024, reaching 18.8% in August of 2024 and then declining slightly to 16.5% by March of 2025. Similarly, the unemployment rate for non-students aged 25-29 rose from 6.1% in December of 2023 to 7.3% by February of 2025. The data cited here are all from the "Urban Surveyed Unemployment Rate" (**城镇调查失业率**) monthly series released by the National Bureau of Statistics, available here in English and here in Chinese.

4. The Economist, for example, has argued that Chinese government efforts to boost domestic consumption would spark renewed interest of foreign investors: "Can foreign investors learn to love China again?" (March 27, 2025). Similarly, the European Chamber of Commerce in China sees increasing Chinese consumption as an opportunity for foreign brands, claiming that the inability to boost consumption "has become one of the most significant concerns for European companies, the consequences of which are now spilling out to the rest of the world": European Business in China Position Paper 2024/2025 (p. 13). Meanwhile, the Chinese government and official media also frequently tout the raising of domestic consumption power as an opportunity for foreign brands to make money, e.g. Fan Feifei, "Consumers pull out all stops for high-quality, foreign brands," China Daily Global (September 16, 2024).

despite years of promises.[5] Meaningful increases in household consumption would require seismic structural shifts like raising wages, expanding social security, and dismantling the vast financial infrastructure built up around producer-friendly policies. But those changes would gut profit margins and risk causing countless (already struggling) firms to go belly-up. Profit rates have been falling both across the Chinese economy as a whole and within the industrial sectors specifically since the early 2010s. The decline has been particularly sharp in sectors like garments, for example, resulting in a near-continuous stream of offshoring for the last decade. In more difficult-to-relocate sectors like electronics, cutthroat competition has led profitability to drop to an all-time low. Meanwhile, in sectors like steel, many firms (whether nominally state-owned or private) have only been kept alive through subsidization and targeted purchase agreements.

As a result, implementing the sort of social policies necessary to elevate consumption would therefore require both an impossibly massive stimulus to prevent bankruptcies, and the rapid creation of offshore supply chains through direct investment on the part of Chinese firms, capable of feeding newly-cheapened consumer goods back into the Chinese market. There is, however, no short-term fix, and even this long-term structural transformation would be an enormous risk, likely slowing growth and generating new forms of social instability.[6] Ultimately, it is more likely that the state would buy excess capacity off of firms (something it's already done for years with its excess capacity in the steel industry) before pushing for widespread and substantial wage increases.[7]

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5. One of many examples dates back to the Hu–Wen administration over a decade ago: Kevin Yao and Aileen Wang, "China bets on consumer-led growth to cure social ills," Reuters (March 5, 2013).

6. It is for this exact reason that prominent party theorists such as Wu Zhongmin, an economist and leading professor at the Central Party School (where the highest-ranking government officials receive training), have constantly warned against the dangers of overly egalitarian spending on social services, advocating for leaders to avoid the path taken by Europe. For example, in one recent book, Why is Social Justice Possible? Social Justice Issues during China's Period of Transition (Springer Nature, 2024), Wu argues: "In certain developed countries in Europe today, egalitarianism manifests in the form of welfare systems that far exceed all reasonable limits" (p.299); and: "Even in developed Euoprean and American countries, the growth of public services has resulted in intractable social problems… During this era of public spending, the economic growth of European countries was far slower" (pp.368-369). If such a policy were to be pursued in China, Wu warns that "People will generally become apathetic toward labor. Ultimately, society will lose its vitality and potential for social development" (p.369).

7. Reuters, "China's Sangang buys steel capacity with eye toward bolstering output"

As a case in point, China is currently drafting its 15th Five-Year Plan. Looking back at the 13th Plan (2016–2020), the administration was already pledging to balance imports and exports, a move hailed as a pivot toward more sustainable, consumption-driven growth.[8] Nearly a decade later, however, the export gap has only widened. The domestic market remains incapable, in its current state, of absorbing export volumes, and media fantasies about redirecting goods inward mostly ignore the basic math.

Let's take a look at umbrellas. Those bound for export leave Chinese ports at an average valuation of $3 to $4 USD per umbrella (21-29 yuan),[9] while the average umbrella sells from the factory to domestic wholesalers at around 10 yuan.[10] China produces around 1.2 billion umbrellas per year, 900 million of which are exported,[11] with the U.S. as the largest buyer.[12] For reference in term of China's economy as a whole, total export size is equal to roughly half of household consumption per annum.[13]

No one, not even Trump, is suggesting that China should stop selling to the world. However, despite years of official rhetoric about rebalancing the

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8. Increasing domestic consumption has long been a stated policy goal of the Chinese government, and the 13th Five-Year Plan is just one of many documents that reflect this intention. In that plan, the government explicitly mentions the objective of balancing imports and exports, though the language remains vague and flexible. It refers to "refining the mix of imports and exports" and "maintaining a basic balance in international payments," leaving the specifics of implementation open to interpretation. See: National Development and Reform Commission, The 13th Five-Year Plan for economic and social development of the People's Republic of China (2016–2020) (Central Compilation & Translation Press, 2016).

9. "2024年中国伞出口数量、出口金额及出口均价统计分析" [*Statistical Analysis of China's Umbrella Exports in 2024: Quantity, Value, and Average Export Price],* 华经情报网 *(February 25, 2025).*

10. It is difficult to ascertain the factory price for umbrellas sold domestically, but this is our best guess. Exact prices and profit margins at each stage of the value chain, from factory to final retailer, are closely guarded industry secrets, and are lower than online list prices. This estimate of 10 yuan is based on a brief survey of factory wholesale websites like Made-in-China, 1688, and Alibaba, supplemented by conversations with people in the import-export business. One of these also noted that many Chinese manufacturers operate on a crude "cost-plus" basis, typically pricing goods at cost + 5–10%. This approach, while often seen as rudimentary in more advanced markets, reflects the intense competition and improvisational strategies that define the cutthroat and volatile Chinese manufacturing sector.

11. "雨伞市场数据深度调研与发展趋势分析报告" [*In-depth Research and Development Trend Analysis Report on the Umbrella Market],* 先略研究院 *(May 21, 2024).*

12. "Umbrellas in China," Observatory of Economic Complexity (n.d.).

13. According to World Bank data for 2023, China's household final consumption expenditure accounted for approximately 39.1% of GDP, while exports stood at 19.74%.

economy toward domestic consumption, the scale of China's export sector makes any serious change of direction extraordinarily difficult, especially at this precarious moment in history. Even substantial gains in household spending wouldn't come close to replacing the demand currently supplied by global markets. China's economic rise remains fundamentally dependent on foreign buyers, and above all, on the developed world's willingness to continue buying Chinese goods. Trump can rage against the imbalance all he wants, but at best he'll extract minor concessions, a few symbolic purchases of American goods, and a new round of made-for-TV promises.[14]

Sink or serve

The trade war will likely spark a new wave of strikes and worker unrest in China, if it hasn't already.[15] But the impact won't be limited to Chinese labor. We should also expect it to accelerate firms' plans to diversify their supply chains across Asia, with new hubs in Vietnam, Indonesia, and even India. As a result, new strike waves among the younger generation of workers will follow, just as they followed similar waves of industrial relocation throughout the 20th century in places like Italy, South Korea, and of course mainland China itself. But these are not overnight shifts. They unfold slowly, like a changing tide carving new contours into an old shoreline. Similarly, there is no guarantee that even these "friendshoring" fixes will be seen as acceptable within an increasingly volatile political environment—as when Apple's pivot toward India, driven by pressure from the Trump administration as early as 2016, was [16]then personally criticized by Trump for the decision in 2025, who told CEO Tim Cook outright: "I don't want you

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14. Then there's the other half of the story, the financial side of trade, which often gets less attention. Profits from China's exports are funneled through Chinese banks, passed up to the central bank, and ultimately recycled into the U.S. financial system through the purchase of Treasury bonds and other dollar-denominated assets, completing a tightly coupled circuit of trade and finance that's been running for decades. It's just another front in the U.S.–China conflict that also implicates American bankers—one that Trump has tested before, with limited success. For now, however, the underlying structure of this system is likely to remains intact: the goods keep flowing, and the money returns to the People's Bank of China from the U.S., with interest.

15. https://x.com/whyyoutouzhele/status/1917636270962180447

16. Financial Times, "Apple aims to source all US iPhones from India in pivot away from China"

building in India."[17] The overall structure of global production may remain largely intact, but the fault lines are widening.

At the same time, as China's economic situation worsens, the Chinese proletarian condition looks similar that in the U.S., though perhaps unfolding at a faster rate: meaningless service jobs and isolated lives with little hope for children, family, or community. No future. When China's official urban youth unemployment rate recently hit 16.9 percent (far higher if ruralites are taken into account), the government soon thereafter called for China's youth to throw themselves into volunteer work, and dedicate themselves to Chinese modernization—without pay.[18][19]

This is classic state paternalism, just one of the many "fuck you" responses to the suffering faced by China's young people in recent years, emerging from the terror of the pandemic only to find no solace but instead an economic crisis awaiting them on the other side. During the pandemic, Chinese youth coined terms like neijuan (内卷 or "involution"), a crippling disgust reaction to the endless, competitive hamster-wheel of labor, and tangping (躺平or "lying flat"), a passive refusal to play the game. The government responded directly to the rise of these buzzwords in speeches and other public pronouncements, and the reply was blunt: we're not doing any lying down.[20] Get up, and back to work. And yet the basic problem remains: what will work look like for this generation as deindustrialization accelerates and growth continues to slow?[21]

Against the tide of dollars

One of the strangest features of Donald Trump's aggressive break with U.S. hegemonic norms is how it highlights the strength of the very global system

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17. Arjun Kharpal, "Trump says he doesn't want Apple building products in India: 'I had a little problem with Tim Cook'," CNBC (May 15, 2025).
18. Reuters, "China's youth jobless rate rises to 16.9% in February"
19. China News, "Xi urges youth to contribute to Chinese modernization"
20. RFI, "Xi Jinping interprets "common prosperity" to encourage hard work and innovation to avoid lying flat"
21. Similarly, the U.S. government doesn't give a shit about the general working conditions (or lack thereof) of the average American citizen. Trump and company have mustered every power of the state to slash domestic spending, and enrich the already obscenely wealthy, without raising a finger to change crises like precarity in the job market, housing, or health insurance. In fact, while Trump II began with the declaration of a "golden age" for the wealthy, his instructions to the American working class was essentially to sit and wait a couple of years after launching his tariff campaign for some great American manufacturing boom to materialize.

he claims to oppose. For all the talk of American decline, Trump's own tariffs and threats have only underscored how deeply entrenched the foundations of U.S. dominance remain. This is especially visible in the role of the dollar. Global capitalism doesn't function without a lead currency: gold in the 19th century, sterling in the early 20th, the dollar today. But this poses a conundrum: managing the global currency means letting the rest of the world into your house, so to speak. The U.S. opens its financial system—its markets, its real estate, its government bonds—to anyone with dollars to spend. That's the cost of issuing the global reserve currency. It means accepting an extreme degree of openness, legal convertibility, and capital account flexibility that no other country is willing to stomach.

Certainly not China. Beijing will not allow foreign investors to roam freely through its economy, buying land, companies, or debt at will (as the U.S. more or less allows). The Chinese government wants trade surpluses without the structural exposure that comes with being a global financial hub. And that's why—even as Trump lobs tariff threats—China's central bank continues to quietly recycle its export dollars into U.S. Treasuries and makes no move to offer the renminbi as an alternative reserve currency.[22] Not because it likes America, but because there's nowhere else to park that kind of money safely, and at scale. Even if BRICS schemes up a new clearing mechanism, it's little more than a small island in an ocean of dollars—useful for managing some intra-bloc flows, but powerless against the tidal pull of the global dollar system that still dominates trade, finance, and reserves. The dollar system remains the only option and, on top of that, Trump is out there to defend it. In fact, he threatened 100% tariffs on BRICs countries when Russia floated a BRICs currency workaround to bypass the dollar.[23]

A recent Chinese study projects that even by 2050, under a baseline scenario, the renminbi might account for just around 10% of global reserves—still a distant second to the dollar.[24] As of late 2024, the dollar still makes up nearly 58% of global foreign exchange reserves, with the euro trailing at around 20%, the Japanese yen at nearly 6%, and the renminbi stuck at just over 2%, roughly on par with the role of the Australian and Canadian

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22. Reuters, "China's US bond holdings are going nowhere fast"

23. Reuters, "Trump repeats tariffs threat to dissuade BRICS nations from replacing US dollar"

24. https://www.chinaifs.org.cn/upload/1/editor/1722397223829.pdf

dollars).[25] In other words, even after decades of talk about multipolarity and internationalization, the dollar remains ubiquitous, leaving the world financial system swimming in a sea of dollars for the foreseeable future. And, with no serious alternative on the horizon, the entire global economy, including the U.S. itself, remains at the mercy of the volatile tides of (largely dollar-based) global currency flows. Even Trump has felt it: when he started rattling markets too hard, especially around the Treasury bond market, his wealthy allies made it clear he was rocking the boat too much, and he backed off. Trump may be back at the helm of the ship, attempting to turn the massive, slow-moving vessel of the U.S. economy, but he is still navigating an ocean of dollars that obeys deeper currents than any one helmsman.[26]

Flip the script

As in any sequel, the flashy advertising campaign showing a blitz of action is usually a sure sign that the end product will overpromise and underdeliver. For communists, there's at least one simple lesson here: don't mistake elite chaos for transformative change. Trade wars may shake the system, but they often end in half-measures and backroom deals. Our work is elsewhere—on the ground, building networks of friends and comrades across borders, and building a collective brain bent on the creation of another world. As the system careens forward, lurching from tariff threats to real war, we'll need more than resistance: we'll need imagination. If Trump can try to rewrite the global order from a golf resort, we can surely dare to imagine something better. The future isn't theirs by default. It's a contested space, and we should treat it like one.

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25. IMF Data, "IMF Data Brief: Currency Composition of Official Foreign Exchange Reserves"

26. Financial Times, "The bond market humbles Donald Trump"

Proletarian Report on the Burned Periphery: Mexico in the Global Management of the Surplus

By Editorial Conatus

What Mexico reveals about the authoritarian reorganization of global capital

In the manner of John Reed, from this side of the wall we have constructed a summary and expository report that we consider urgent. It does not pretend to exhaust the complexity of the processes it analyzes nor to offer a definitive diagnosis, but to draw an initial map of coordinates that, for those of us who struggle from below, are necessary. It was elaborated by a group of communist militants concerned about the current course of the global crisis and the place that Mexico occupies and will suffer within this violent reconfiguration of capital.

What is presented here is neither a technical inventory nor an exercise in erudition. It is a materialist reading of the devices that traverse the daily lives of millions: tariffs as a form of economic punishment, austerity as internal warfare, forced migration as structural policy, narco-capitalism as territorial management, exclusionary automation, profitable ecocide, and debt as an infrastructure of control. Each section of this report takes a visible phenomenon and inscribes it in the general framework of dispossession that defines our times.

Mexico is not on the margins of this crisis: it is one of its active frontiers. And we are not only speaking of its geographic location between the impoverished South and the imperial North, but of its inscription in a double frontier: the material frontier of economic, migratory, ecological, military capital, and the nonphysical frontier of the crisis, that threshold where forms of life become surplus, social relations dissolve, and violence becomes naturalized as a method of management. The Mexican State is a violent border guard.

This document seeks to intervene there. Where normality has become unsustainable, where war is not the exception but the norm, where the future is

not disputed with promises but with organization and rupture. The border, in this sense, is not only a limit: it is the place where history can bifurcate.

Tariffs as economic warfare devices

The imposition of the 25% tariff by the United States on all Mexican exports in February 2025 should not be understood as an isolated event or as a technical foreign policy expedient. Rather, it is the expression of a profound mutation in contemporary forms of economic domination. Far from protecting domestic sectors or responding to diplomatic conjunctures, these measures are part of a structural strategy of economic warfare, by means of which global hierarchies are reordered under coercive mechanisms invested with commercial legality.

This policy directly affects key sectors of the Mexican economy, including automotive, agri-food, and electronics. It generates indirect and secondary effects on cross-border value chains, labor rhythms, and macroeconomic stability. With more than 80% of its exports destined for the United States,[1] Mexico reveals a structural dependence that transcends the trade balance: it is a productive subordination sedimented by decades of neoliberal integration.

But the core of the problem is not economic, but political. Tariffs today serve the function of managing imperial decline, not by expanding markets, but by shielding geopolitical positions through punishment and exclusion. Protectionism does not act as a disruption of free trade, but as its functional reverse: a way of selecting, hierarchizing, and suffocating subordinate links when they threaten to exceed their assigned role.

In this sense, tariffs function as disciplining devices that force countries like Mexico to fulfill extra-trade functions, such as migration control, border militarization, and outsourcing of security in exchange for not being economically strangled. Economic coercion thus becomes a technology of valorization in other ways: articulating trade policy with territorial command and population control.

From a materialist perspective, these mechanisms must be understood as forms of negative valorization: they do not expand capital, but reorganize its reproduction through a logic of selective exclusion. Social mediation through abstract labor and exchange value no longer produces social inte-

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1. U.S. Census Bureau, 2024.

gration, but rather functional segmentation and the destruction of working-class identity:

> The end of the dichotomy between employment and unemployment, the global purchase of labor power, the new structuring of demand, and the expansion of the activity rate are essential moments of this fluidity, which places the contradiction between classes at the level of their reproduction. It also implies, with regard to the determination of class struggle, the disappearance of working-class identity as it had been affirmed within the reproduction of capital.[2]

In this framework —the real subsumption of capital[3]—, tariffs do not oppose the market: they reconfigure it as a frontier, as a diagram of hierarchical differentiation.

The disconnection between the valorization of capital and the reproduction of the labor force is not a transitory mismatch, but the dominant logic of restructured capitalism. There is no longer a stable correspondence between accumulation, employment, and social reproduction, but a structural mismatch that expels and fragments. As Théorie Communiste[4] points out, the dispersion of territories and proletarian bodies is not dysfunction but a condition of functioning. Crisis does not appear here as rupture, but as the normal mode of adjustment of capital: friction as a form of persistence.

Thus, tariffs are not diplomatic symptoms or commercial deviations. They are the economic face of a regime of social reproduction based on regulated exclusion and functional subordination. They operate as thresholds of economic violence, through which capital imposes geopolitical tasks on its peripheries. In the face of this, to think of economic war as an exception is to fail to understand that there is no longer an economy without war.

Austerity as a war against reproduction

Clara Mattei[5] has acutely argued that austerity is not simply a fiscal tool, but a technique of internal warfare: a way of preserving the capitalist order in

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2. Théorie Communiste. "Restructuring as It Is." Théorie Communiste, no. 22 (2009): 40.
3. Endnotes, "The History of Subsumption," in Misery and the Value Form, Endnotes no. 2 (April 2010).
4. Théorie Communiste "Where are we in the crisis?" (Biblioteca Cuadernos de Negación, 2014); Théorie Communiste, "Restructuring as it is" (Ediciones Extáticas, 2020).
5. Mattei, Clara. The Capital Order: How Economists Invented Austerity and Paved the Way to Fascism. (University of Chicago Press, 2022)

the face of the threat of social alternatives. As in the interwar period, today austerity does not only translate into cuts, but into the deliberate abandonment of regions, the emptying of public services, and the silent expulsion of entire populations to areas of marginality or frontier.

In Latin America, this logic has operated as a multi-scale mechanism of dispossession: weakening of public health and education, erosion of formal employment, progressive disappearance of social safety nets. More than an adjustment policy, austerity constitutes a class rationality, which impoverishes in a structural way and reorganizes social links according to scarcity. Its objective is not to stabilize economies, but to fabricate disciplined subjectivities, disposable bodies, and disarticulated communities.

This war against reproduction does not act alone. It is articulated with ideological devices that moralize poverty, individualize precariousness, and naturalize deterioration as personal responsibility. In Mexico, regressive fiscal pressure and the withdrawal of the state from welfare functions have produced governance vacuums that are quickly filled by parastatal, criminal or military forms of territorial control.

Far from being a technical response to budgetary emergencies, contemporary austerity is a planned offensive against the conditions of existence of the proletariat. It is intimately linked to the proliferation of authoritarian logics and the reconversion of the State into an active agent of impoverishment and fragmentation. Precarization is not a secondary consequence, but a functional goal.

From a materialist reading, austerity is a technique of differential management of the proletariat. It does not seek to solve a "fiscal crisis," but to produce precarious bodies, indebted and available for any form of residual valorization. Exclusion is no longer a failure, but a structuring principle. It is not a matter of administering rights, but of organizing dispossession. In this context, the State does not disappear: it is rearming itself as the administrator of precariousness. Its withdrawal from social functions is accompanied by its reinforcement in military control, surveillance, and territorial segmentation. Austerity is not merely a reduction in spending: it is an architecture of selective violence, where the reproduction of life becomes an object of management, control and punishment.

Migration and survival: the global war regime

Forced migration from Mexico and Central America to the United States is not a humanitarian anomaly, nor can it be thought of in isolation from the structural forms of violence that characterize contemporary capitalism. The figure of the migrant today condenses a central tension of the system: he or she is at once a surplus body, a potential labor force, and a subject that overflows state containment devices. This figure embodies what can be called a regime of survival without guarantees, where life is sustained not by the State, but in spite of it, under conditions imposed by dispossession, forced mobility, and biopolitical control.

The U.S.-Mexico border operates as a laboratory for this generalized crisis. It is no longer a geographic line, but a population management device. On this border of the crisis, multiple forms of control converge: safe third country agreements, militarization of the National Guard, outsourcing of repressive functions, and cross-border detention networks. Far from being exceptional responses, these technologies configure a permanent regime of expulsion, illegalization, and differential administration of life.

The migrant is not a subject without politics, but an active symptom of the collapse of the social pact. Their transit highlights the unfeasibility of the peripheral development model and the impossibility of integrating vast social strata under the national order. The migrant body becomes the target of multiple devices: border control, the remittance economy, transnational informal labor, and geopolitical blackmail. To migrate is not only to move: it is to interrupt the fiction of the "State" as a legitimate container of life, rights, and belonging.

The migration crisis does not confront a "Mexican problem" with a "U.S. solution." It is the localized expression of a global fracture: a system that can no longer guarantee neither land, nor employment, nor basic services, turns movement into a crime and survival into transgression. According to the International Organization for Migration,[6] between January and April alone, more than 735,000 encounters with migrants were recorded in Mexican territory, a figure that belies any episodic interpretation.

From the critique of political economy, this forced mobility does not represent a dysfunction, but an operative form of capital to displace, segment,

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6. International Organization for Migration (IOM). Quarterly report on regional mobility in Mexico and Central America, (2024)

and manage its own human surplus. Capital no longer needs to integrate all the bodies it exploits: it can marginalize them, expel them, or use them intermittently, under precarious conditions, and then discard them. In this framework, territory does not guarantee citizenship: it classifies bodies, rhythms, and unequal access to life and work.

Théorie Communiste has described this logic as a structural disconnection between capital valorization and social reproduction. Forced migration, in this sense, is a technique of uprooting that fractures community ties and disciplines through intemperance. The border does not separate two worlds: it functions as an internal operator of capital, which differentiates, selects and channels lives according to their residual value.

Thinking about migration under the paradigm of the survival regime not only makes structural violence visible, but also allows us to understand the contemporary mutations of sovereignty. In a world where the management of scarcity becomes political, the migrant embodies the figure-limit of the crisis: an embodied testimony that exclusion is no longer the exception to the system, but its operational core.

Narcocapitalism: accumulation by expulsion

As Théorie Communiste and Endnotes have pointed out, capital does not require stability and peace to accumulate. It can operate through fragmentation, direct coercion, and the territorial organization of death. Violence is not a failure, it is an adaptive rationality of post-neoliberal capital. In this framework, drug trafficking appears not as disorder, but as a structural tool for the management of the surplus proletariat.

On a geopolitical scale, drug trafficking also functions as a device for imperial intervention. The war on drugs justifies direct U.S. interference in security policies, military cooperation, and border control. This generalized militarization consolidates a model of social warfare where crime, economy, and governance form a functional continuum.

Drug trafficking is not limited to the trafficking of illicit goods. Its existence makes it possible to sustain local regimes of violent land acquisition, dominating migratory routes, informal labor markets, strategic territories, and marginalized urban areas. Violence does not respond to an irrational logic: it is an economic instrument of territorial restructuring, a technology of command over surplus bodies.

This legally criminal form of valorization is not on the margins of legal capitalist logic; rather, it radicalizes its content. In territories where the wage and the law have collapsed as mediators, the illegal economy operates as the nucleus that organizes social reproduction. Proletarian life becomes subject to armed power, which replaces the law and the wage as regulatory mechanisms.

In Mexico, this form of valorization has deeply penetrated institutions, articulating networks that connect cartels, business sectors, security forces and state actors. This network should not be interpreted as a "criminal conspiracy," but as a complex form of governance, where the distinction between legality and illegality is dissolved under criteria of armed profitability and logistical control. The result is a regime of overlapping sovereignties that orders daily life in terms of profitable violence.

Late Fascism and Disaster Nationalism

Richard Seymour[7] defines "disaster nationalism" as an authoritarian way of managing the breakdown of the liberal order. It does not seek to solve the crisis, but to dramatize it in order to impose regressive responses: border closures, militarization of the territory, persecution of migrants, criminalization of protest. This apocalyptic rhetoric does not announce solutions, but the differential management of the catastrophe as a political model. Alberto Toscano[8] formulates it in other terms: late fascism does not mechanically reproduce historical fascism, but recovers its structural functions —suppression of class conflict, restoration of order, racialized exclusion— now within eroded democratic regimes.

This mutation manifests itself in Mexico in the form of the permanent militarization of civilian life, the expansion of extractive projects under rhetoric of modernization, and the systematic criminalization of poverty. Political power allies with organized crime and the armed forces to produce a new logic of sovereignty, where territorial control replaces the law as a form of government. It is not a matter of maintaining the social pact, but of administering its ruin with an iron fist.

This new type of fascism does not pretend to build consensus or future. It is oriented to the present as an administered state of exception. Its aesthet-

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7. Seymour, Richard. Disaster Nationalism and the Authoritarian Turn. (Verso, 2024)

8. Toscano, Alberto, "Late fascism and the Politics of Survival." Lecture presented in the series "Crisis and Reaction" (2023)

ic is that of perpetual crisis, where surplus lives become internal enemies, manageable only through surveillance, repression, or abandonment. In the words of Walter Benjamin, it is politics turned into a spectacle of death: an order that no longer promises redemption, but punishment.

In this context, deindustrialization does not free up time or redistribute wealth. It dismantles stable jobs, degrades working conditions, and throws millions into precarious forms of subsistence: underemployment, gig economy, forced migration or illicit economies. Jasper Bernes[9] already warned that the crisis of industrial work did not imply its disappearance, but its reconfiguration as systemic degradation: work without rights, without future, without community.

Mexico illustrates this shift. Converted into an assembly platform for global value chains, it has experienced partial automation without integration. The jobs created are fragile, poorly paid, and easily replaceable. Added to this is an informality that affects 56% of the employed population. The result is not a "modern" economy, but a survival regime where productivity coexists with exclusion.

Faced with this labor crisis, the State does not redistribute: it criminalizes. It does not protect: it militarizes. Poverty is not recognized as a structural problem, but as a threat. Thus, the absence of future becomes a matter of national security, and automation becomes an instrument of expulsion, without compensation or collective horizon.

This process is not a "flaw" correctable by Keynesian policies. It is a structural reorganization of labor as a form of subordination without integration. The problem is not the scarcity of employment, but the structural impossibility of reabsorbing the surplus labor force. The logic of segmentation, surveillance, and debt replaces the wage as a social bond.

The result is a tragic paradox: an economy that no longer needs workers and a society that cannot survive without them. Technology does not free time, but imposes its capture; it does not democratize life, it disciplines it. Late fascism manages this contradiction without resolving it, aestheticizing the ruin and displacing the crisis towards the most vulnerable bodies.

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9. Bernes, Jasper. "Logistics, counterlogistics and the communist prospect." In Endnotes #4 (Ecstatic Editions, 2017)

From automation to expulsion: no job, no future

Aaron Benanav[10] dismantles the technocratic narrative that attributes mass unemployment to the advance of automation. What defines our era is not an excess of productivity, but a chronic insufficiency of growth. This "weak demand for labor" arises not from technological development, but from the prolonged stagnation of capital, overaccumulation, and the relative collapse of traditional industrial sectors.

Automation does not represent a liberation of human labor, but rather its displacement without transition. Far from generating well-being or free time, technology operates as an instrument of regressive reorganization: it destroys stable jobs, makes those that survive more precarious, and imposes a logic of replacement without redistribution. Instead of integration, forced obsolescence is imposed.

Mexico embodies this paradox. The productive reconversion has inserted it into global chains as an assembly platform. Partial automation has not brought technological unemployment, but rather a multiplication of fragile, poorly paid, and easily replaceable jobs. Added to this is a structural informality that turns work into an area of risk, not security. The State, instead of mitigating this trend, reinforces it: it criminalizes poverty, militarizes the territory and manages exclusion as if it were an individual deviation, not a systemic consequence. Thus, automation is not a utopian promise of liberation, but a mechanism of expulsion functional to capital in crisis.

What appears here as technical progress is, in reality, an expression of the structural incapacity of capital to absorb its own labor force. There is no crisis of employment: there is a crisis of valorization. Capital no longer needs to, nor can it, achieve accumulation via social integration. As Endnotes[11] points out, abstract labor no longer requires universalizing the wage, but managing the human surplus through fragmentation, debt, and surveillance.

This massive expulsion from the wage relation is not accidental. It is constitutive of the contemporary regime of accumulation, where the subsumption of labor ceases to be expansive and becomes exclusive. Instead of producing integration, automation produces superfluous proletarians, bodies without a place, lives stripped of horizon. Potential immigrants.

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10. Benanav, Aaron. Automation and the Future of Work. (Verso, 2020)
11. Endnotes. Misery and the value form (Endnotes #2). (Ediciones Extáticas, 2010)

The result is an economy that does without workers, and a society that cannot do without work. Technology, in this scenario, does not democratize time: it disciplines it, captures it, turns it into debt and algorithm. The future is not automated: it is canceled. What remains is the differential management of ruin, under the ever-failing promise of a progress that no longer arrives.

Ecological crisis and violent extractivism

The world burns. Environmental devastation is not a side effect of global capitalism: it is its operative condition. Capital needs to continually expand over new territories, unexploited raw materials, and populations without guaranteed rights. In this framework, extractivism —mining, energy, agriculture, or tourism— appears not as a deviation, but as the structural matrix of accumulation in vast areas of the Global South.

In Mexico, this logic is expressed in megaprojects such as the Maya Train, the Interoceanic Corridor, or the expansion of the energy frontier. These interventions not only destroy fragile ecosystems, but also displace communities, fragment social fabric, and militarize entire regions under the promise of "development." It is a sacrificial ecology, where life becomes a technical obstacle and nature an infrastructure for rent.

The IPCC Sixth Assessment report[12] warns that southern Mexico will be one of the regions most affected by climate change: droughts, loss of biodiversity, water crisis. But these processes do not operate alone: they are accelerated by a corporate capture of the environmental discourse, which turns the ecological crisis into a new frontier of valorization. Carbon credits, "green" mining, or clean hydrogen do not solve the problem: they reorganize it under forms of climate speculation.

Extractivism is not only an economic model: it is an authoritarian form of government**.** It involves surveillance, criminalization, militarization of territories and systematic repression against environmental defenders. Under this logic, the Earth itself is subsumed as a means of production, and the destruction of the living becomes manageable, profitable, plannable. This integration of nature into capital is not an accident: it is its logical outcome. Territorial expansion is neither linear nor peaceful, but contradictory and violent. Théorie Communiste has pointed out how this real subsumption of

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12. Intergovernmental Panel on Climate Change (IPCC). Sixth Assessment Report - Regional Fact Sheet: Central and South America. (2023)

nature produces territorial segmentation, paramilitary control, and dissolution of community ties as conditions of accumulation.

What emerges is not a green capitalism, but a technocratic management of collapse. The promises of sustainability and resilience function as ideological anesthesia, while the regime of valorization reconfigures the boundary between useful life and disposable life. As Endnotes warns, even the climate crisis can be absorbed by capital as an opportunity for business and control. Ecological critique cannot be limited to correcting externalities or designing state-managed green transitions. What is required is a break with the very logic of valorization: to decommodify the Earth, the body, and time, before they are completely converted into functional waste.

Financialization of life and debt as a form of control

Financialization marks a decisive shift in capital: accumulation is no longer based primarily on the production of commodities, but on the extraction of rent over the time of life. Credit is imposed as the key to access to existence and debt as a political device of subjection. In Mexico, informal microcredit, the over-indebtedness of households, and the privatization of services illustrate this shift: according to the ENIGH 2022, more than 75% of urban households maintain some kind of liability and a growing proportion allocates more than 40% of its income to interest payments.

Debt does not operate only in the economic sphere: it is a technique of government. By individualizing collective deficiencies —health, housing, education— it shifts responsibility from the State to the debtor, fragments solidarity and moralizes poverty ("bad payer," "irresponsible"), neutralizing any structural reading. At the same time, it provides the State with an instrument of control without resorting to redistribution: capturing resources via financial markets while disciplining popular consumption.

This regime does not oppose, but coexists with authoritarian economic nationalism. As Merchant[13] warns, credit can expand even under anti-globalist discourses, because financialization and protectionism share the function of managing inequality without questioning the logic of valorization. The indebted homeland is sustained by indebted citizens.

Financialization represents the integral subordination of social reproduc-

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13. Merchant, J. Endgame: Economic Nationalism and Global Decline. (Reaktion, 2024).

tion to fictitious capital. Wages cease to guarantee life; credit scoring takes their place. Endnotes stresses that exploitation does not disappear: it is rearticulated in future contracts on the ability to promise work and income. Subjectivity is measured, scored, and put on value like "human collateral."

Debt, therefore, is neither a mere macroeconomic problem nor a moral defect: it is an infrastructure of domination that captures present and future, accelerates the rhythms of life, and dissolves the possibility of community based on shared time. Financial inclusion does not empower: it atomizes. By turning every need into a line of credit, it shifts politics towards individual risk management and turns precariousness into an insured market.

Breaking with this architecture requires de-fetishizing credit as a "right of access" and restoring it to its status as a chain that privatizes reproduction. As long as life depends on compound interest, any promise of social reconstruction will be subject to the logic of collateral. The alternative, then, is not more debt at better rates, but to decommodify the material foundation of existence.

Conclusion: terminal capitalism, permanent war

The phenomena analyzed are not fragmentary episodes or symptoms of a passing crisis. They are the gears of a regime of accumulation reorganized under conditions of prolonged decomposition. Far from announcing its collapse, capital shows its capacity to transform imbalance into method, violence into administration, and scarcity into technology of power. The "crisis" does not interrupt reproduction: it structures it.

Tariffs, austerity, forced migration, narco-capitalism, exclusionary automation, extractivism, and debt: each of these devices contributes to the production of a political economy of expulsion, where labor is no longer a mediator of integration, but a problem to be managed. Populations become mobilizable surplus, borders become filters of valorization, and bodies become functional or disposable units, depending on the moment.

In this landscape, the frontier —economic, ecological, military, digital— no longer delimits sovereignties: it modulates unequal access to life and rights. As a technology of capital, it manages mobility, segments links, redefines the reproducible. The "crisis frontier" is not just a place: it is the global diagram of a form of domination that normalizes war as a form of social organization.

Reformist responses—humanitarian, institutional, or technical— are insufficient in the face of a regime that does not need to resolve conflict, but to manage it infinitely. Even dysfunctionality can be absorbed as an opportunity for valorization: climatic collapse, massive migrations, structural unemployment, armed violence. Everything can be governed, everything can be priced.

Thinking from this reality requires abandoning the fetish of development, the nostalgia for the social state, and the fiction of progress. It is not a matter of restoring a lost equilibrium, but of interrupting the extended reproduction of the catastrophe. The outside of capital is not guaranteed, but neither is it closed. It opens up where bodies refuse to continue to be administered as waste, where time is reappropriated, where the community refuses to become an accounting balance.

Faced with the integral administration of ruin, the challenge is not to govern it better, but to stop producing it.

An Epochal Turning Point?

By Raffaele Sciortino

"Capitalism will fall like the Berlin Wall"
—Pope Francis

A genuine attempt at regime change is underway in Washington, retribution for the policies pursued globally for decades by the U.S. foreign policy community. While at first glance only chaos seems to reign, the challenge lies in identifying a fundamental logic within this chaos. Put another way, Trump is both a symptom and a product of profound material impulses, internal as well as external. More than this, he is the actor attempting to change the United States' strategic posture on the world stage—placing it on a new course and with outcomes that remain uncertain and difficult to predict.

In an immediate sense, Trump 2.0 is the product of three primary and tangible failures of the Biden administration: 1) its failure to inflict a "strategic defeat" upon Russia in the Ukrainian conflict, prompting instead Moscow's further rapprochement with China and a large part of the global South; 2) its failure to achieve a selective decoupling from China, by blocking the latter's technological modernisation and ascent in global value chains; 3) its failure to stem the deterioration of the domestic social context (despite its commitment to a "middle class foreign policy" and gestures toward reshoring, which in reality went no further than the beginnings of friendshoring with countries such as Mexico and Vietnam). In light of these failures alone, it is more than reasonable to suggest that it was Biden (whose measures, after all, were enacted in the protectionist wake of Trump 1.0) who has proved to be the parenthesis here.

More than this, the failures of the Democratic administration can be seen not as contingent errors, but rather as the tail end of a long cycle of U.S. and global politics—namely, that of ascendent globalisation, which had already been severely shaken by the crisis of 2008. Today that cycle is coming to an end, having made the United States more dependent on a world that it continues to dominate, albeit with evermore serious economic costs (relative deindustrialisation and an unending trade deficit), with growing

social polarisation and disintegration, and with the no-longer hypothetical risk that China may yet escape the still-prevailing imperialist mechanism of the dollar's withdrawal.[1] These are the deep and underlying causes of the increasingly evident "regulatory crisis" of the international system (of Pax Americana), the dialectical inversion of the domination wielded by what is in the strict sense the only imperialist power remaining on the scene—one capable of combining foreign investments abroad, world monetary seigniorage, global control of land, sea and space through full-spectrum military power, with a state apparatus that is extensively projected overseas.

Within the United States, the reaction to these failures was propelled by pressures coming from the depths of society intersecting with those stemming from important fractions of U.S. capitalism. The latter are those fractions that to date have been least favoured by global projection (the industrial sectors of "old" technology such as the oil industry), or a new generation of up-and-coming military industrial firms linked more closely to the tech industry (Palantir, SpaceX, etc.) and at odds with some large financial concerns. Nonetheless, it would be inadequate to look no further than this. The impulse from below, reaching well beyond the MAGA movement, is also a determinant factor in the change currently underway: a pressure that is undoubtedly an inter-class one (in particular, downwardly-mobile middle classes), but that also expresses social demands from important sectors of the (not only "white") proletariat, who are less and less inclined to endure the negative repercussions of globalisation.[2] This Trumpist assemblage is not yet a homogenous social bloc, and might never become one. For now, however, it channels proletarian expectations of defensive economic nationalism that—like it or not—fills the void left by the ghost of New Deal reformism.

Trump is the response to all this—in a situation that in some ways recalls Nixon's first term—through a strategy of reversing the Volcker shock of the early 1980s (the effective trigger of so-called financial globalisation driven by the dollar and the U.S. fiscal and current account deficits, paid for by the issuance of mountains of Treasury bonds). The nucleus of Trump's team, which is tighter than eight years ago, is clearly focused on the risk of

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1. Raffaele Sciortino, The US–China Rift and Its Impact on Globalisation: Crisis, Strategy, Transitions (Haymarket Books, 2025).

2. Raffaele Sciortino, "Neopopulism as a Problem: Between Geopolitics and Class Struggle," Platforms, Populisms, Pandemics and Riots (PPPR).

U.S. decline, the need for a medium-to-long-term perspective able to accept sacrifices and returns that are not immediate ones, and the existential stakes of maintaining United States world supremacy. Going further, some of MAGA's leading exponents betray the sense of a broad-spectrum "crisis of (Western) civilisation" that extends well beyond a purely economic or geopolitical reading of America's crisis.

For now, between the ups and downs of pronouncements and measures, what's clear is a forcing from above that corresponds to the radical nature of the change envisaged. The strategy that is being laid out (at least in a provisional way, and with due caution) is that of "one step back, two steps forward". One step back on the diplomatic-military plane aimed at trying to avoid triggering a direct military confrontation with Russia and China (hence the search for an exit strategy from Ukraine—even better if this means a quasi-rapprochement with Russia—and efforts to ease tensions with Tehran), compensated by "reasonable diversions" (Panama, Greenland, etc.).[3] For Washington, this involves taking a breather by acknowledging its present inability to wage war upon two enemies, as has been made clear by the Ukraine conflict—and here Trump has the support of important forces within the Pentagon. Two steps forward in terms of coercive economic diplomacy through zero-sum negotiations supported by tariff measures brandished like a big stick, by the devaluation of the dollar, and by the restructuring of foreign debt imposed on allies in exchange for military "protection" (as outlined by Trump's economic advisor Stephen Miran).

All this with the goal of relaunching domestic industrial production in strategic sectors in light of future major wars, under the guise of a "productivist" (rather than welfarist) defense of labour. Looking ahead in perspective, there are indications of a complete decoupling from China in the medium to long term, paid for by allies and friends financially (through hundred-year Treasury bonds), militarily (through increased purchases of U.S. weapons) and on the energy front (through the purchase of high-cost natural gas). Decoupling from China is seen by Trump's entourage as the only effective means of blocking or derailing the PRC's economic growth and social-political stability. The exorbitant tariffs imposed—and then part-

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3. Sohrab Ahmari, "Elbridge Colby: 'I am signalling to China that my policy is status quo'," The New Statesmen, July 2, 2024.

ly suspended—in April are the first step, therefore, in differentiated negotiations with Beijing on the one hand, and the E.U. and friendly East Asian countries on the other. But even for the latter, the dismantling of part of their industry will become a necessary (if not sufficient) condition for the reconstruction of the U.S. industrial apparatus: a dismantling that will be partially compensated by selective friendshoring for some supply chains—even if these will be increasingly dependent on the U.S. sitting at the top of these chains, and with "Chinese" conditions for the workers involved. In other words, all of this envisages a reconfiguration of US Grand Strategy for a post-globalisation international order, which will leave plenty of dead and wounded in its wake.[4]

It would be naive to think that these medium- and long-term objectives can be easily obtained thanks to the dollar's leverage—which remains irreplaceable on international markets—along with the size of the U.S. domestic market. But it would also be naive to exclude a priori the feasibility of such a strategy by appealing to a U.S. decline understood in naturalistic terms (many leftists already predicted this incorrectly back in the 1970s). Certainly, Trump faces considerable obstacles. Domestically, there is a hostile state apparatus and foreign policy community (still able to spike his guns, as with Ukraine); the compact between the Federal Reserve and Wall Street (which has already thrown its weight around with Treasury bond yields); the negative repercussions for Trump's social base should there be a recession, which would energise those social sectors that have benefited most from globalisation (the urban professionals and middle class in digital and financial services, the world of media and tertiary education). Internationally: an undaunted China that for some time now has been restructuring its development model away from dependence on exports; the rapprochement between Moscow and Beijing, which by this stage will be difficult to break; the multi-alignment of the BRICS countries; the uncertainty of Germany's repositioning. Moreover, the situation in the Middle East could get out of hand in the face of Israeli ambitions that could drag the U.S. into a war with Iran, while negotiating an end to the Ukrainian conflict continues to appear far from easy. Put simply, given the unreliability of U.S. power, anti-American resentment can only be expected to grow, even in "friendly" countries.

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4. Russell Napier, "America, China, and the Death of the International Monetary Non-System," American Affairs 8, no. 4 (2024).

But behind all this, the fundamental issue is the objective difficulty of grafting a neo-mercantilist logic (centred on the export of commodities) within an imperialist economic-social structure based on direct foreign investments and on the dollar as the de facto world currency that grants control over international capital flows, albeit at the cost of a growing trade deficit. This structure, which emerged following the end of the Bretton Woods international monetary system in 1971, has been incredibly successful for the U.S. in terms of disintegrating the state and financial barriers of other states (in particular those of its allies, less so with China and Russia). Today, however, it risks disintegrating the U.S.' very industrial and social structure, which now discovers—as its main competitor—its own currency, considering the dollar's overvaluation and the FDI-induced de-industrialization!

In this way, the boomerang of imperialism returns to its centre, on a scale unprecedented within the historical parabola of capitalist imperialism. This also explains the surprising return of an unprecedented "national question" within the West, in the form of populisms and sovereignisms that are gaining momentum among the impoverished middle strata and proletarians seeking protections that the old workers' movement can no longer provide. Thus, the coexistence within proletarian sectors of (above all anti-Chinese) chauvinism and "neo-reformist" (especially anti-finance) demands—an ambivalence that the future will have to resolve.

If it's difficult to predict how things will evolve, we can more or less imagine two counterposed scenarios. In the first, as a result of the obstacles identified so far, Trump's efforts will end in chaos—with consequences as yet unforeseen, but certainly of great importance for the international order's already precarious stability. In the second, the success of the new U.S. strategy will lead to the formation of two opposed blocs: the first led by the United States, with a submissive Europe[5], reduced to a sort of backyard (not unlike Latin America); the other around a China allied with Moscow, and more integrated with the East Asian economy. Even here, the unknowns will prove important, if only in a minor key, for the stability of dollarisation:

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5. An asian alignment by EU is not to be ruled out, but not very likely. In any case, the point is that such a scenario presupposes a change of political elite, a "regime change". Much will depend on Germany (see on this subject: https://endnotes.org.uk/posts/raffaele-sciortino-will-europe-die-american).

what will Germany, Japan, South Korea, India, Turkey do? Both scenarios, through different paths, spell the end of globalisation as we know it, fostering a return to the control of capital and currencies (by strong state entities), and the multi-domestic reconfiguration of multinational companies. Rather than the beginning of a relatively stable multipolar international order, this would be a highly conflictual one, given the United States' more or less accelerated preparation for war against China, with a clampdown on Washington's allies and friends—something that we can see is already well underway.

In all this, the most interesting element is the return of a deep social crisis at the heart of Western imperialism, a return that foreshadows the possible reactivation of a passive, dispersed and fragmented proletariat. If we are looking for some necessary condition that could reopen the game on the level of class relations, through a possible resumption of class conflicts on a global scale, this would seem to lie in growing difficulties—both economic and geopolitical, including possible military defeats—facing the imperialist system's "strong link" (as Lenin might put it). With a systemic crisis of social reproduction on the horizon, will U.S.-centered imperialism be able to "unite the separated" (as Debord might put it)[6] yet again?

Acknowledgment: *This contribution benefited from the discussion within the Turin seminar on imperialism and with Steve Wright, whom I also thank for the translation.*

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6. Thesis 7: "The phenomenon of separation is part and parcel of the unity of the world" (Guy Debord, Society of the Spectacle, Black and Red, 1967).

Tariffs as a Class Offensive

By Jamie Merchant

As part of his flailing trade wars, Donny Deals has proposed 100% tariffs on movies made overseas. "The Movie Industry in America is DYING a very fast death," the president exclaimed, pointing to the tax breaks offered to shoot overseas as "a National Security Threat." Placing foreign movie makers in the same camp as the government's official military enemies might seem like classic Trumpian hyperbole. But as is often the case, the president's social media noises are a window to a darker reality.

Since Trump's first term and continuing into the Biden years, the U.S. government has gradually redefined trade as a matter of national security. This is a far cry from yesteryear's tale of globalization. In that happy fable, trade was the outworking of a competitive world market bound to link the globe in commercial harmony. Reducing trade barriers and opening up national markets to the free flow of capital would attract foreign investment, creating jobs and rising incomes in the developing world. In turn, the multinational firms of the rich nations would profit from these investments, expand themselves, and continue to explore the technological frontier. Everyone wins in a beneficent order led by its virtuous steward, the United States, avatar of capitalist freedom.

So much for all that. In Trump's gothic rhetoric, trade is a scene of death and dying, a Darwinian struggle for survival. In this story, national growth happens not in cooperation with other nations, but only at their expense. This is not a sharp break with precedent. His predecessor, Joe Biden, shared the same worldview. So-called "Bidenomics" doubled down on precedents from Trump's first term, not only keeping Trump's tariff regime against China but escalating it. The centerpiece of Biden's economic agenda was historic legislation designed to capture manufacturing investment from its supposed allies in Europe and East Asia. Biden's government threatened to penalize foreign producers if they traded with its official enemies in industries deemed critical for America's national security. Like the Republicans, the Democrats pursue trade by extortion. Trump II is a more rhetorically colorful version of the same berserker nationalism that has overtaken eco-

nomic statecraft in the U.S. and dominates world politics today.

Properly contextualized, the tariffs' bumbling rollout is another embarrassing episode in the disintegration of the U.S.-led global economy. But their role in this saga goes mostly unremarked in current debates around trade. Instead, mainstream commentary talks about tariff policy on the terms established by the Trump administration. They are evaluated as a more or less effective method for achieving its official, public goals. These typically include some mix of reindustrialization and debt reduction to be achieved by shifting demand for foreign products to home producers.

The story goes something like this: a reinvigorated manufacturing base will put U.S. industry on newly competitive footing, reducing the trade deficit in the balance of payments. The U.S. will no longer need to borrow so much, allowing a drawdown in government debt. Tariff revenue will replace taxes, unshackling American business to unleash a new wave of prosperity. Perhaps they will support U.S. military preparedness by relocating critical industries inside the country, appeasing a paranoiac defense establishment.

Can the administration pull it off? Is it economically feasible? Perhaps a comprehensive Mar-a-Lago accord is waiting to be unveiled, revealing Trump's master plan to the world.

To some, it all seems so chaotic, so unplanned and incompetent that the idea of a rational basis for it beggars the imagination. Others have warned against the risk of "sane-washing" Trump's agenda by imposing some grand strategy on what might be nothing more than a historic grift. Of course Trump's entourage is taking every chance they can to plunder wherever and whatever they can, even fleecing their own, contemptuous supporters. But to see nothing but kleptocracy would be an overcorrection, missing the political effects of Trumponomics beneath the official policy debates.

Tariffs are in part Trump's unique lizard-brained obsession, an idée fixe of the reality TV real estate tycoon since the 1980s. But their broader historical meaning lies in the context of a gradual collapse in capital investment and profitability that pushes national governments to adopt ever more extreme measures in order to continue appropriating their aliquot parts of a

stagnating global pool. This shows up in virtually every major empirical indicator. GDP growth rates across the capitalist world have drifted downward for decades, including in its supposedly most dynamic new centers, like China. Labor productivity and productivity gains from technology—measured by what economists call "total factor productivity"[1]—have both steadily decayed as productive investment has dried up. Such investments are decreasingly profitable for the world's capitalists, so nation states must bribe them to invest by throwing trillions in state money at them in the form of tax breaks, subsidies, grants, and federal contracts. This was the point of yesterday's enthusiasm for the celebrated return to industrial policy in the Biden years, now but a distant memory.

Corporations, in turn, increasingly depend on cheap credit to finance their activities or even just to continue existing. This is the case with the symptomatic zombie firms, unprofitable concerns that survive on easy credit and make up somewhere around 20% of U.S. public companies. Consequently, the declining profitability of capital shows up most dramatically in a permanent explosion of government and private debt. These trends afflict not only the rich countries, but also the middle- and low-income nations of the Global South in which development has all but stalled out, most strikingly seen in the phenomenon of premature deindustrialization.

What is causing this breakdown? Consider the question of profits. Trump thinks profits come from deals. Economists think profits would be competed away in a fair market. Neither understands their source and function in the broader capitalist economy as a class-based order, in which a dominant class extracts their wealth from a coerced, toiling majority. In this society, profits come from the protean fire of human drives and creativity: labor-power.

If labor-power is the ultimate source of profits, then the drive to ever higher productivity that defines the capitalist mode of production is also its undoing. As that source is progressively displaced by more advanced, capital-intensive production, the total amount of profits available system-wide to

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1. First defined by the economist Robert Solow in the 1950s, total factor productivity refers to growth in output when capital and labor investment remain constant, which is usually taken to mean technological innovation.

reinvest and expand diminishes. The planetary ossification of industry overwhelms the capacity of world markets to absorb its output, intensifying the pressure of competition. Eventually the process of accumulation reaches a limit in which the profit it is able to produce isn't enough to further expand accumulation on a greater scale. This, a general crisis of overaccumulation, underlies the shattering of world capitalism today.

Global breakdown in capitalist growth is immensely destructive to societies because it condemns them to a distributional struggle over shrinking resources. Capitalism is based on the class opposition between capitalists and the workers they exploit. If productivity is growing, profits can be shared with the working population in the form of higher real wages and salaries. But if it slows or stops, the economic surplus goes to that class with the power to decide who gets what. Oligarchs get richer as inequality grows more savage by the year. Institutions break as the frail bonds that hold society together come apart. The fuse is lit.

The elites are well aware of this. Popular rage at permanently failing government institutions constantly threatens to boil over. The climate crisis threatens the basis of human civilization itself. Planetary upheaval looms. For a capitalist class whose most repulsive members now simply run the U.S. state directly, the most prudent course is the empowerment of domestic security and surveillance forces through an equally empowered, unconstrained executive. Erratic tariff policies that are unpopular even with many capitalists themselves are just part of the deal, as Trump would probably say. In the short-term they may be inconvenient; in the longer term, they are part of a fortification of class power through a newly emboldened crackdown state. They may even coerce some favorable concessions from rivals, allowing uncompetitive industries to limp along a bit longer. In this sense they are indeed a policy of national security.

If interstate economic conflict was notably absent in the days of globalization, it was because the elites of all nations were getting rich plundering their national working classes. Now, the fact that they turn on each other like ravenous dogs is a harbinger of capitalism's autumn, a sure sign that growth—like the mental faculties of our rulers—is expiring.

Seen in this light, the tariffs are neither a more or less rational policy choice, nor solely an elaborate grift. They are part of a two-front, worldwide class war unfolding between national bourgeoisies, on the one hand, and between them and the proletarians of their respective countries on the other. That is, the tariffs are a recipe for a renewed ruling class offensive on the workers of the world against a backdrop of accelerating global decline. They express the economic breakdown of capitalist society in political form.

At Heatwave, we have taken pains to consider this recent flurry of events against the background of late 20th and early 21st century social conflict. Still, events proceed too rapidly to have the last word on the matter. The “national emergency” of American economic decline is decidedly a global matter. Today, economic nationalism and American revanchism are rattling the infrastructure of global capitalism, the imperial ordering of world production. The trade wars dominate every news cycle. Worst hit among the belligerents is China. Now several administrations old, the U.S.-China trade war escalated rapidly over the last couple months in an exchange of retaliatory tariffs.

— *Madness and Capitalist Civilization*

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